

OGC Has Reviewed

21 July 1977

MEMORANDUM FOR THE RECORD

STATINTL FROM : [REDACTED]
Chief, Benefits and Services Division

SUBJECT: Consideration of Direct-Hire
Employees for GEHA

1. The continuing backlog of ABP health insurance claims caused us to consider alternatives for staffing the Insurance Branch claims adjustor positions. In the past several years we have had considerable turnover in this area. This resulted in frequent underlaps when replacements were not available, extended training periods and lower production during the training both for the new employee and the supervisor.

2. One alternative considered was the direct-hire of new employees by GEHA rather than the present system of the Association reimbursing the Agency for employees working on claims. This would give us the opportunity to hire retirees looking for limited second careers, who would have the necessary clearances and would be more likely to remain longer in the job. There would also be the opportunity to hire from the outside employees who are willing to commit themselves to longer term employment in an insurance office rather than those looking for a career of varied assignments in the Agency.

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STATINTL 3. A request was forwarded to the Office of General Counsel to consider the possible legal ramifications of this approach. [REDACTED] reviewed this subject in some depth and met with [REDACTED] and myself. It was his unofficial opinion that the use of direct-hire would focus attention on GEHA as a private employer and entity rather than its current status with both private and Agency interests. If GEHA begins to direct-hire it will be subject to such Federal programs as OSHA and ERISA along with many State and local requirements. There would likely be many complications and as much as one half of a man year involved in the additional reporting and record requirements.

4. I discussed this with [REDACTED] and we agreed to withdraw our request from OGC rather than press for a formal opinion. We are fully staffed now and will see if some of our

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STATINTL other efforts are successful before pursuing this further. I
advised [REDACTED] of our decision.

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